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OF COUNSEL
WILLIAM G. CONLY

June 12, 2006

Honorable James H. Welsh
Commissioner of Conservation
State of Louisiana
Post Office Box 44275
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING.

Hosston Formation, Reservoir A; and Cotton Valley
Formation, Reservoir A; CASPIANA FIELD, Caddo
Parish, Louisiana.

Dear Sir:

MATADOR PRODUCTION COMPANY ("Applicant") hereby respectfully applies for a public hearing to consider evidence relative to the issuance of Orders pertaining to the following matters relating to the Hosston Formation, Reservoir A; and to the Cotton Valley Formation, Reservoir A; in the Caspiana Field, Caddo Parish, Louisiana:

1. To create three (3) additional drilling and production units for the exploration for and production of gas and condensate from the Hosston Formation, Reservoir A, and from the Cotton Valley Formation, Reservoir A, Caspiana Field, Caddo Parish, Louisiana, such units being shown on attached plats and being designated HOSS RA SU117 through HOSS RA SU119, and CV RA SU110 through CV RA SU112.
2. To force pool and integrate all separately owned tracts, mineral leases and other property interests within each of the proposed additional units in accordance with Section 10, Title 30, of the Louisiana Revised Statutes of 1950, with each tract sharing in unit production on a surface acreage basis of participation.
3. To designate applicant as the operator of, and its Ratzburg 19 No. 1 Well as the unit well for, HOSS RA SU117 and CV RA SU110.
4. To authorize applicant to drill, designate and utilize three (3) alternate unit wells for HOSS RA SU117 and for CV RA SU110 at the locations shown on the attached plats.
5. To approve exceptions to the spacing provisions of Office of Conservation Order No 191-B, effective April 15, 1975 (applicable to the Hosston Formation, Reservoir A), and Office of Conservation Order No. 191-A, effective February 15, 1975 (applicable to the Cotton Valley Formation, Reservoir A), for the location of any of the proposed alternate unit wells, as shown on the attached plats, which does not comply with the spacing provisions of such Orders.

6. To find that each of the proposed alternate unit wells is necessary to efficiently and economically drain a portion of the hydrocarbons underlying the unit on which it is proposed to be drilled which cannot be efficiently and economically drained by any existing well on such unit.

7. To permit applicant to combine downhole production from the Hosston Formation, Reservoir A, with production from the Cotton Valley Formation, Reservoir A, in the wellbore of any existing or future wells located on the identical units proposed to be created herein for such formations and in which wells the interests in the units are identical.

8. To redefine the Cotton Valley Formation, Reservoir A, in the Caspiana Field, insofar and only insofar as to the proposed units, CV RA SU110 through CV RA SU112, as being the stratigraphic equivalent of that gas and condensate bearing zone encountered between the depths of 8,770 feet and 10,310 feet, electric log measurements, in the Petrochem Operating Co.--Mendenhall 10 No. 1 Well (SN 226622), located in Section 10, Township 15 North, Range 11 West, Bossier Parish, Louisiana.

9. To extend, except as in conflict herewith, the provisions of Office of Conservation Order No. 191-B, effective April 15, 1975, as amended and supplemented by the Order No. 191-B series of Orders, to the proposed additional units for the Hosston Formation, Reservoir A.

10. To extend, except as in conflict herewith, the provisions of Office of Conservation Order No. 191-A, effective February 15, 1975, as amended and supplemented by the Order No. 191-A series of Orders, to the proposed additional units for the Cotton Valley Formation, Reservoir A.

11. To discuss such other matters as may be pertinent.

The Hosston Formation, Reservoir A, in the Caspiana Field was defined in Office of Conservation Order No. 191-B, effective April 15, 1975.

The Cotton Valley Formation, Reservoir A, in the Caspiana Field was defined in Office of Conservation Order No. 191-A, effective February 15, 1975, and was further defined in Order No. 191-A-5, effective February 22, 1983.

Any pertinent data concerning this application will be available for inspection at the offices of Louis Gilbert & Associates, Inc., 3636 N. Causeway Blvd., Suite 204, Metairie, Louisiana 70002-7216. Any person wishing to inspect any such data should call Mr. Louis Gilbert at (504) 834-8112 during normal business hours in order to arrange a date and time for such inspection. A copy of any such pertinent data which is not otherwise available from the records of the Louisiana Office of Conservation can be obtained from Applicant at the expense of the requesting party.

By letter dated May 31, 2006, Applicant gave notice, in accordance with the Revised Rules of Procedure, of its intention to apply for a public hearing concerning these proposals and set

Honorable James H. Welsh
June 12, 2006
Page 3

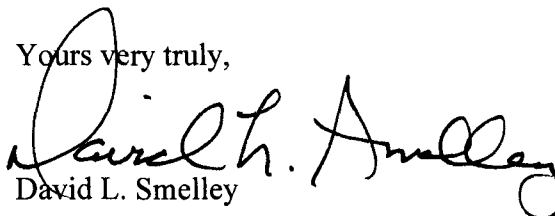
June 23, 2006, as the tentative date for the pre-application conference. No request for the pre-application conference was received within ten (10) days after the date of the pre-application notice; accordingly, no pre-application conference will be held.

Pursuant to the Revised Rules of Procedure, Applicant has made a reasonable effort to obtain the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom notice of this application is being sent and has attached hereto a list of the names and addresses of such parties. A copy of each of the unit plats (which are identical to the plats attached to the pre-application notice) is enclosed herewith, and a copy of this letter and of the attached plats is being sent to the District Manager of the Shreveport District of the Office of Conservation and to each of the Interested Owners, Represented Parties and Interested Parties as shown on the attached list.

Applicant will provide for posting of a copy of the Legal Notice of this hearing, and of the enclosed plats, at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of Caspiana Field, all in accordance with the Revised Rules of Procedure. Furthermore, Applicant will mail a copy of the Legal Notice to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

Finally, enclosed herewith is our check payable to the Office of Conservation covering the application fee.

Yours very truly,

A handwritten signature in black ink, appearing to read "David L. Smelley". The signature is fluid and cursive, with a large loop at the end.

-- Attorney for Matador Production Company

DLS:dp
Enclosures

cc: Mr. Jim Broussard (w/encls.)
Mr. Kevin Donahue (w/encls.)
Mr. Louis Gilbert (w/encls.)
Interested Owners, Represented Parties
and Interested Parties (w/plats only)

